

## **Naspers and Mapungubwe Institute Research shows digital platforms could add R91.4 billion into South Africa's economy by 2035**

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*Pioneering research report explores South Africa's digital platform businesses and highlights transformative opportunities for the economy.*

Today, Naspers and the Mapungubwe Institute for Strategic Reflection (MISTRA) launched a research report exploring the untapped potential of South Africa's digital platform economy – a sector which includes online platforms that facilitate economic transactions.

The research reveals that the digital platform economy could be a game-changer for the country, with projections showing it could add R91.4 billion into the economy by 2035. This growth would see the sector's contribution expand from 0.02% of GDP in 2022 to a meaningful 1.38% by 2035.

### **Key highlights**

- **Groundbreaking study:** This study is the first of its kind to comprehensively model the economic impact of South Africa's digital platform economy, revealing its transformative potential and outlining its growth prospects.
- **Key findings:**
  - Collective action is needed to spur South Africa's digital transformation journey. Business and government must work closely together to address growth hurdles and create an enabling environment for digital platforms to thrive.
  - Digital transformation in South Africa is lagging, while the demand for digital skills is rapidly growing.
  - Infrastructure is crucial for unlocking the potential of digital platforms and AI.
  - Regulations need to evolve in line with the emerging digital platform sector.
  - Digital platforms will play an increasing role in driving economic inclusion and enhancing social protection.
- **Transformative growth potential:** Addressing these findings and achieving consistent economic growth of 3% per year could:
  - ✓ Enable a 20x expansion in the digital platform market by enabling the growth of existing digital platforms and spurring the growth of new platforms.
  - ✓ Boost the sector's GDP contribution from 0.02% in 2022 to 1.38% by 2035.
  - ✓ Inject over R90 billion into South Africa's economy by 2035
- **Significant economic impact by Naspers and its South African businesses:** Naspers and its South African entities—such as Takealot.com, Mr D, Superbalist, AutoTrader, Property24, and PayU—have made substantial contributions to the economy by:
  - ✓ Generating over R13 billion in economic value, including R1.5 billion in household income (based on 2022 data).
  - ✓ Lowering wholesale and retail trade costs by 0.5% and reducing living expenses by 0.6% through more affordable consumer prices and enhanced convenience via platform-based businesses (based on 2022 data).

As the first of its kind, this research, initiated by Naspers and MISTRA, addresses critical gaps in understanding the true impact of e-commerce and digital platforms in South Africa. With limited consensus on how to measure this sector's full potential, the study aims to redefine how economic value is assessed and unlock new avenues for growth.

Titled "Our Digital Horizon: The economic opportunity of digital platform businesses in SA," the report's findings and recommendations are designed to spark vital conversations, offer actionable industry insights, and foster stronger collaboration between government, industry players, and other stakeholders to drive South Africa's digital transformation.

**Phuthi Mahanyele-Dabengwa, CEO of Naspers South Africa, commented:**

"This report comes at a pivotal moment for South Africa. There is a renewed sense of energy and commitment across various players in South Africa to get our country on the path of inclusive economic growth and shared prosperity. South Africa stands on the brink of a digital revolution. Though still in its early stages, the shift to digital mirrors global trends and offers a rare chance to unlock significant economic potential for our nation. As one of the country's largest investors, Naspers is committed to leading this transformation by driving innovation and inclusive growth in this vital sector."

"For this potential to be realised, collaboration is key. Public and private sectors must join forces to bridge the digital divide by expanding digital access, accelerating digital skills to underserved communities and ensuring regulations fuel innovation and create a level playing field. By doing so, we will ensure that no individual or community is left behind. If we get this right, it will be a game changer for inclusive growth and propelling South Africa into a prosperous digital future."

The research report points out that around the world, successful economies are fast transforming into digital economies while the pace of digital transformation in South Africa is relatively slow. Globally, there has been a significant shift towards digital dominance among the world's top companies over the past decade. In contrast, South Africa's leading companies have seen little change in composition during the same period, reflecting a more gradual pace of digital transformation, which is still in its early stages.

The report highlights key opportunities, including how South can drive digital transformation and attract new entrants in sectors like e-commerce and fintech, fostering innovation and greater inclusion. Case studies from Kenya and Nigeria showcase how startups are addressing local needs and driving digital growth across Africa.

Additionally, the report emphasises the critical need for increased venture capital investment to unlock the full potential of South Africa's digital economy, especially in underfunded sectors like fintech and healthtech.

**Joel Netshitenzhe the Executive Director of MISTRA added:**

"The report makes crucial observations and recommendations, given limited publicly available data on this emerging sector in South Africa. This research represents the type of transdisciplinary research MISTRA conducts, employing innovative methodologies to analyse the impact and potential of digital businesses on our economy. At its core, the digital platform economy has the potential to drive inclusive and transformative growth, unlocking opportunities for millions of South Africans eager to engage in this dynamic sector."

"There are vast opportunities before us and it is clear that a thriving digital platform economy could bring enormous value to South Africa. While the foundational elements are in place, significant barriers remain that hinder society from realising this potential. The encouraging central message of the report is that solutions are within reach, but they require urgent collaboration and bold actions from all stakeholders."

To unlock the full potential of the digital platform economy, the research makes the following recommendations to address the key findings:

Findings	Recommendations
<p><b>Finding 1</b></p> <p><b>The pace of digital transformation in South Africa is slow.</b></p> <p><i>Between 2010 and 2022, the world's top 20 companies shifted from being resource-driven (36% to 7%) to dominated by digital platforms (16% to 56%).</i></p>	<ul style="list-style-type: none"> <li>• Drive collective action among business, government, and civil society for faster digitalisation.</li> <li>• Develop a national digital transformation dashboard to track progress.</li> <li>• Accelerate digital adoption and improve data privacy and cybersecurity.</li> <li>• Broaden marketplace opportunities to spur local industrialisation.</li> </ul>
<p><b>Finding 2</b></p> <p><b>The demand for digital skills is growing rapidly</b></p> <p><i>STEM graduates in South Africa account for just 18% of the total, compared to over 30% in innovation leaders like India, the UAE, and South Korea.</i></p>	<ul style="list-style-type: none"> <li>• Boost STEM education from the basic level.</li> <li>• Coordinate digital skills training programs nationally.</li> <li>• Align training with high-demand occupations and industry needs.</li> </ul>
<p><b>Finding 3</b></p> <p><b>Infrastructure is key to unlocking the promise of the digital platform economy and AI</b></p> <p><i>At an average of \$1.81 (R33.21) per GB, mobile data costs in South Africa are among the highest, surpassing those in markets like Nigeria, Namibia, and Kenya.</i></p>	<ul style="list-style-type: none"> <li>• Fast-track high-speed internet and digital infrastructure expansion.</li> <li>• Prioritise digital platform infrastructure in national development plans.</li> <li>• Improve energy and logistics reliability for digital services.</li> </ul>
<p><b>Finding 4</b></p> <p><b>Regulations must be alive to the nascent nature of the South African digital platform sector</b></p> <p><i>It can take up to 180 working days to process certain regulatory approvals, which hampers timely access to digital infrastructure and services.</i></p>	<ul style="list-style-type: none"> <li>• Introduce regulatory sandboxes to encourage innovation.</li> <li>• Support hyperlocal platforms to foster digital inclusion.</li> <li>• Include the digital platform sector in national economic tracking systems for better regulation.</li> </ul>
<p><b>Finding 5</b></p> <p><b>Digital platforms will play bigger role in economic inclusion and social protection</b></p> <p><i>SMEs contribute 30% to 40% of GDP, but in townships and rural areas, they are mostly informal and lack focus on competitive products or digital services.</i></p>	<ul style="list-style-type: none"> <li>• Enhance SME participation and market access.</li> <li>• Develop incentives for local producers in e-commerce.</li> <li>• Promote social protections for gig workers.</li> <li>• Expand digital access in rural and underserved areas.</li> </ul>

**Phuthi Mahanyele-Dabengwa added:** “As South Africa’s homegrown champion that has grown into a leading global technology investor and operator, Naspers has seen the positive impact that technology can have in catalysing inclusive economic growth in markets such as India and Brazil, among others. Although still in its nascent stages, our country’s digital transformation journey presents a unique growth opportunity for both the sector and the country”

You can access the full research report at <https://www.naspers.com/digital-horizon-report>

## Research approach

This report is novel in its scope, addressing a newly emerging sector with scant publicly available data in South Africa. We utilised three robust research methodologies to comprehensively examine the scope, impact, and potential of digital businesses on the national economy.

This research project was conducted in three phases over a period of 9 months:

<b>Phase 1</b>	Conducted a situational analysis, industry overview, and identified data gaps and perceptions
<b>Phase 2</b>	Assessed the state of the South African digital platform economy
<b>Phase 3</b>	Modelled the economy-wide and Naspers-level impacts, supplemented by stakeholder interviews

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## About Naspers:

Established in 1915, Naspers has transformed itself to become a global consumer internet company and one of the largest technology investors in the world. Through Prosus, the group operates and invests globally in markets with long-term growth potential, building leading consumer internet companies that empower people and enrich communities. Prosus has its primary listing on Euronext Amsterdam, and a secondary listing on the Johannesburg Stock Exchange and Naspers is the majority owner of Prosus.

In South Africa, Naspers is one of the foremost investors in the technology sector and is committed to building its internet and ecommerce companies. These include Takealot, Mr D Food, Superbalist, AutoTrader, Property24 and PayU, in addition to Media24, South Africa’s leading print and digital media business.

Naspers has a primary listing on the Johannesburg Stock Exchange (NPN.SJ), a secondary listing on the A2X Exchange (NPN.AJ) in South Africa, and has a level 1 American Depository Receipt (ADR) programme which trades on an over-the-counter basis in the United States of America.

For more information, please visit [www.naspers.com](http://www.naspers.com).

**About the Mapungubwe Institute for Strategic Reflection (MISTRA):**

Since its inception in 2010, the Mapungubwe Institute for Strategic Reflection (MISTRA) has assumed a leading position in long-term, strategic and transdisciplinary research through generating research and creating platforms for engagement. Our research, policy debates, convening power and scenario planning expertise have assisted in finding lasting and effective solutions to the challenges South Africa is facing.

MISTRA deliberates on socio-economic issues that have both a local impact and a global resonance. The Institute is founded by a group of researchers, academics, policy-makers and former governance practitioners.

MISTRA carries out research that addresses the country's complex challenges, straddling issues of nation-formation, economic growth, social equity and South Africa's global positioning. The research is conducted through a process of engagement and facilitation, drawing on the wide range of available expertise in the country and globally.

For more information, please visit [www.mistra.org.za](http://www.mistra.org.za)